

Global Markets Research
Fixed Income

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.14	-4
5-yr UST	0.31	-7
10-yr UST	0.64	-6
30-yr UST	1.33	-7

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	2.27	0	2.30	-10
5-yr	2.48	-1	2.44	-7
7-yr	2.67	4	2.66	-3
10-yr	2.79	2	2.93	-2
15-yr	3.04	-3	3.13	4
20-yr	3.35	2	3.24	0
30-yr	3.70	6	3.66	-1

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	2.23	0
3-yr	2.21	0
5-yr	2.30	1
7-yr	2.38	0
10-yr	2.63	0

Source : Bloomberg

Upcoming Government Bond Tender

Nil

Fixed Income Daily Market Snapshot
US Treasuries

- US Treasuries edged on Thursday as short-term interest-rate futures were seen to price in the probability that the Fed may adopt a negative interest rate policy next year and also due to private payroll processor ADP's weak job numbers and high cumulative initial jobless claims of up to ~33m for the past seven(7) weeks. Overall benchmark yields declined between 4-7bps with the UST 2Y rallying to record lows of 0.14% whilst the much-watched UST 10Y closed 6bps lower at 0.64%. Meanwhile the Fed's balance sheet expanded to a record \$6.72 trillion following robust purchases of UST's and MBS; meant to help ensure financial market functioning amid the COVID-19 pandemic (Total assets rose by \$65.5b in the week through 6th of May). Expect attention to focus on the Labor Department's release of April payrolls data tonight.

MGS/GII

- Local govies continued to see strong activity following BNM's earlier OPR cut of 50bps to 2.00% on Tuesday; with secondary market volume maintaining at elevated levels of RM5.67b. Overall yields closed between -10 to +6bps with MGS and GII generally moving in opposite direction. Interest was mainly centred in the off-the-run 21-23's and also benchmark 7Y, 10Y MGS/GI bonds. The benchmark 5Y MGS 6/24 edged 1bps lower at 2.48% whilst the 10Y MGS 8/29 rose 2bps instead at 2.79%. The curve steepened and GII bonds eased to form about ~53% of overall trades. Expect some interest to shift to the release of the industrial production figures for March and also the foreign reserves as at 30th April.

Corp Bonds/Sukuk

- Corporate bonds/Sukuk space saw muted activity ahead of the Wesak holiday overall secondary market volume at a mere RM201m. Interest was seen mainly in the AAA and GG-part of the curve as overall yields ended mostly lower. The short-tenured Govt-guaranteed PTPTN 8/21 closed sharply lower on yields compared to previous-done levels at 2.27% levels whilst LPPSA 4/27 moved 3bps lower at 2.95%. AAA-rated PUTRAJAYA 24-25's ended between 7-86bps lower between 2.92-99%. AA-rated BENIH Restu 6/25 too saw strong bid resulting in a 7bps decline at 358%. The banking space however saw AFFIN Bank 27NC22 spike 41bps instead at 4.11%. Expect interest to taper ahead of the long weekend.

Daily Trades : Government Bond

Securities	Closing	Vol	Previous	Previous	Chg
MGS 02/21	2.100	130	2.268	05/05/2020	-17
MGS 07/21	2.132	267	2.201	05/05/2020	-7
MGS 09/21	2.216	3	2.216	05/05/2020	0
MGS 11/21	2.187	118	2.248	05/05/2020	-6
MGS 03/22	2.231	187	2.262	05/05/2020	-3
MGS 08/22	2.285	27	2.349	05/05/2020	-6
MGS 09/22	2.289	260	2.385	05/05/2020	-10
MGS 03/23	2.274	194	2.278	05/05/2020	0
MGS 04/23	2.323	111	2.311	05/05/2020	1
MGS 08/23	2.360	106	2.429	04/05/2020	-7
MGS 06/24	2.406	16	2.385	05/05/2020	2
MGS 07/24	2.435	1	2.412	05/05/2020	2
MGS 09/24	2.473	4	2.525	04/05/2020	-5
MGS 09/25	2.481	147	2.484	05/05/2020	0
MGS 04/26	2.640	23	2.652	05/05/2020	-1
MGS 07/26	2.634	95	2.684	05/05/2020	-5
MGS 03/27	2.669	21	2.715	04/05/2020	-5
MGS 05/27	2.665	268	2.628	05/05/2020	4
MGS 11/27	2.774	44	2.749	05/05/2020	2
MGS 06/28	2.842	52	2.763	05/05/2020	8
MGS 08/29	2.793	344	2.771	05/05/2020	2
MGS 04/30	2.932	45	2.977	05/05/2020	-4
MGS 06/31	3.000	25	3.021	04/05/2020	-2
MGS 04/33	3.166	12	3.212	05/05/2020	-5
MGS 11/33	3.183	17	3.234	05/05/2020	-5
MGS 07/34	3.040	70	3.070	05/05/2020	-3
MGS 05/35	3.343	13	3.336	04/05/2020	1
MGS 04/37	3.372	10	3.379	05/05/2020	-1
MGS 05/40	3.347	3	3.330	05/05/2020	2
MGS 03/46	3.654	10	3.692	05/05/2020	-4
MGS 07/48	3.697	16	3.633	04/05/2020	6
GII 05/20	2.202	100	2.510	27/04/2020	-31
GII 06/20	2.080	50	2.238	29/04/2020	-16
GII 08/20	2.121	230	2.661	14/02/2020	-54
GII 08/20	2.119	50	2.291	30/04/2020	-17
GII 03/21	2.110	410	2.274	05/05/2020	-16
GII 04/21	2.121	260	2.288	04/05/2020	-17
GII 04/22	2.254	155	2.248	05/05/2020	1
GII 07/22	2.302	1	2.353	05/05/2020	-5
GII 05/23	2.303	100	2.405	05/05/2020	-10
GII 07/23	2.351	290	2.364	05/05/2020	-1
GII 11/23	2.377	327	2.442	05/05/2020	-7
GII 05/24	2.518	10	2.509	30/04/2020	1
GII 10/24	2.444	15	2.512	05/05/2020	-7
GII 08/25	2.632	60	2.660	04/05/2020	-3
GII 03/26	2.655	140	2.687	05/05/2020	-3
GII 09/26	2.755	10	2.708	05/05/2020	5
GII 06/27	2.768	20	2.790	05/05/2020	-2
GII 07/27	2.793	20	2.761	05/05/2020	3
GII 09/27	2.715	67	2.643	05/05/2020	7
GII 08/28	2.934	80	2.926	05/05/2020	1
GII 10/28	2.895	115	2.896	05/05/2020	0
GII 12/28	2.900	10	2.939	04/05/2020	-4
GII 07/29	2.931	308	2.946	05/05/2020	-2
GII 10/30	2.808	30	2.814	05/05/2020	-1
GII 06/33	3.114	30	3.149	05/05/2020	-4
GII 08/33	3.130	40	3.114	05/05/2020	2
GII 11/34	3.130	10	3.090	05/05/2020	4
GII 08/37	3.341	40	3.370	04/05/2020	-3
GII 11/49	3.663	50	3.678	05/05/2020	-2
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Daily Trades : Corp Bonds/ Sukuk

Securities		Rating	Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)	Spread Against MGS*
Perbadanan Tabung Pendidikan Tinggi Nasional	08/21	GG	2.265	20	3.345	29/07/2019	-108	13
Jambatan Kedua Sdn Berhad	07/23	GG	2.683	6	2.899	13/02/2020	-22	40
Prasarana Malaysia Berhad	08/23	GG	2.666	6	3.200	27/03/2020	-53	38
SME Bank	04/25	GG	2.716	6	-	-	272	26
Lembaga Pembiayaan Perumahan Sektor Awam	04/27	GG	2.949	15	2.983	24/04/2020	-3	30
GENM Capital Berhad	03/22	AAA	3.455	5	4.708	24/04/2020	-125	124
CIMB Bank Berhad	05/22	AAA	2.889	30	3.027	22/04/2020	-14	67
Putrajaya Holdings Sdn Berhad	04/24	AAA	2.918	10	3.777	24/03/2020	-86	54
Putrajaya Holdings Sdn Berhad	07/24	AAA	2.937	10	3.158	23/04/2020	-22	56
Putrajaya Holdings Sdn Berhad	04/25	AAA	2.988	10	3.055	09/03/2020	-7	53
EKVE Sdn Berhad	01/28	AAA	3.397	10	4.561	17/01/2019	-116	67
YTL Power International Berhad	10/21	AA1	3.068	15	3.251	02/03/2020	-18	94
CIMB Bank Berhad	08/26	AA+	3.100	15	3.240	22/04/2020	-14	50
Benih Restu Berhad	06/25	AA2	3.581	20	3.649	29/04/2020	-7	112
Country Garden Real Estate Sdn Berhad	02/23	AA3	5.030	1	4.577	16/04/2020	45	275
WCT Holdings Berhad	01/25	AA-	4.549	1	4.953	22/08/2019	-40	209
Affin Bank Berhad	09/27	A1	4.105	10	3.698	22/04/2020	41	145
MBSB Bank Berhad (fka Asian Finance Bank Berhad)	12/31	A3	4.363	1	4.449	30/04/2020	-9	157
Mah Sing Group Berhad	03/25	-	4.039	1	4.040	04/05/2020	0	158
DRB-Hicom Berhad	12/24	A+	4.307	5	4.934	29/04/2020	-63	185
DRB-Hicom Berhad	12/26	A+	4.760	5	5.160	30/04/2020	-40	211
				<u>201</u>				

*spread against nearest indicative tenured MGS (Source : BPAM)

Market/Corporate News: What's Brewing

The ratings of Asian national oil companies (NOCs), including Petrolia Nasional Bhd (Petronas), are well positioned to withstand the drastically lower oil prices, underpinned by robust sovereign support, says an international credit rating firm. Moody's Investors Service senior vice-president Vikas Halan said rating changes for Asian NOCs are likely to be small despite low oil prices straining their credit metrics. "We expect that additional notches of uplift owing to sovereign support could be incorporated in the ratings of most NOCs should their baseline credit assessment declines," he said in a statement. Moreover, NOCs that have hedged the price risk for a portion of their production will be better positioned to withstand the sharp decline in crude prices in the near term. Those with large cash reserves, such as China National Petroleum Corp and Petronas, could also protect their credit profiles from low oil prices for at least the next 12 to 18 months, Halan said. He said cash preservation would be a priority during the low oil price environment, and NOCs are likely to scale back shareholder returns, capital spending and investments. However, dependence on oil and gas sector revenue by some sovereigns could constrain the ability for their respective NOCs to reduce dividends. Additionally, Halan expected most NOCs to have solid liquidity and strong access to capital markets, given their strategic importance. Indonesian state-owned Pertamina and Petronas have successfully raised US\$3bil and US\$6bil, respectively, via the debt market so far this year. (Source: *The Star/Bernama*)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Zamarad Assets Berhad	Tranche 1 Class B Sukuk Murabahah	AAA/From Stable to Positive	Revised
Al Dzahab Assets Berhad	Class A Sukuk	AAA/Stable	Reaffirmed
	Class B Sukuk	AA2/Stable	Reaffirmed

Source: RAM, MARC

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